

Technology Quality Management

Feedback and Issues

IAASB December 2025 Meeting
Agenda Item 8



The Team

Technology Team



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Agenda

AGENDA ITEM 8 - TECHNOLOGY QUALITY MANAGEMENT

Section 1 – AI Use Cases

Section 2 – Applying ISQM 1 and ISA 220 (Revised)

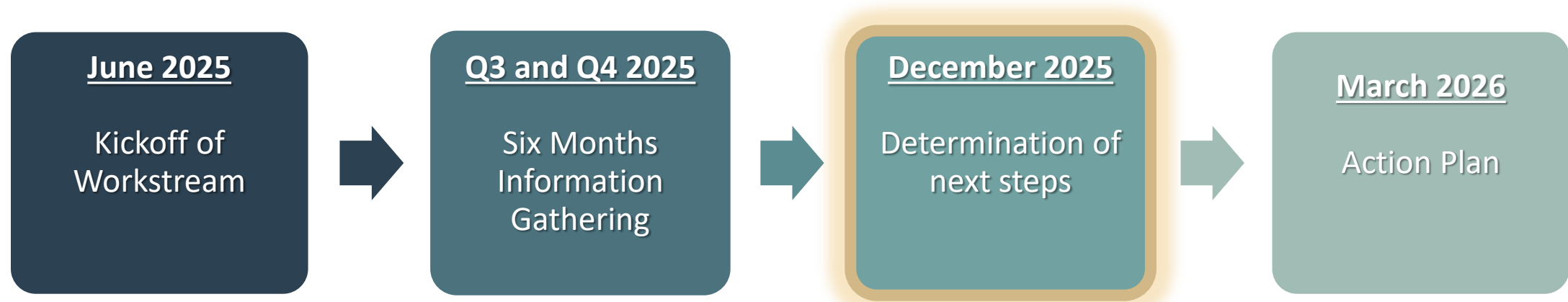
Section 3 – Stakeholder Expectations

Break (10:15 a.m. – 10:45 a.m.)

Section 4 – The IAASB's Role

Technology Quality Management Workstream

TIMELINE



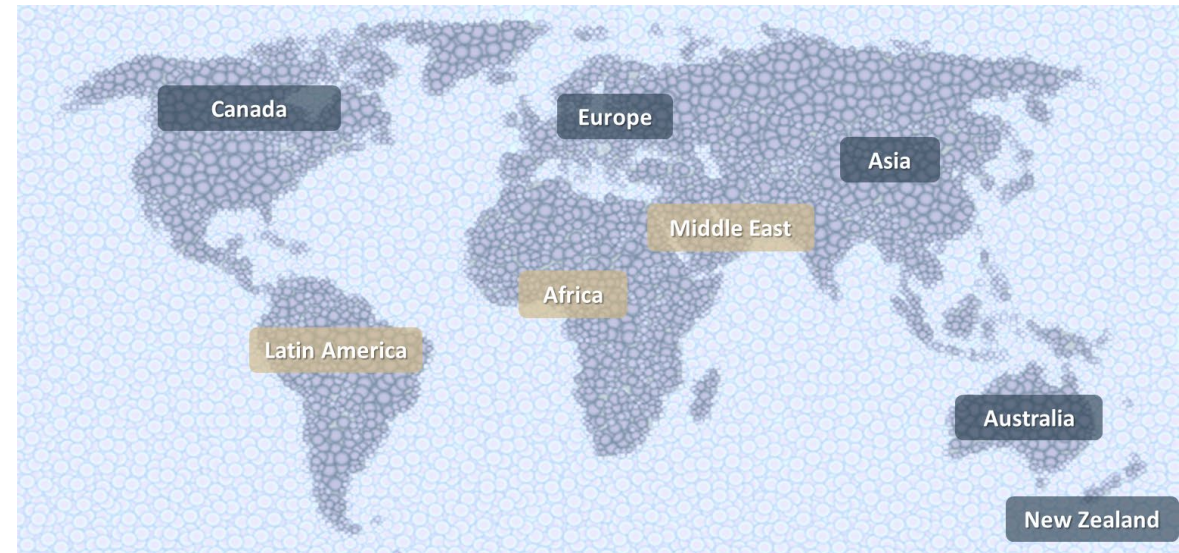
Technology Quality Management Workstream

GLOBAL ROUNDTABLES

243 participants spanning stakeholder groups



8 global roundtables



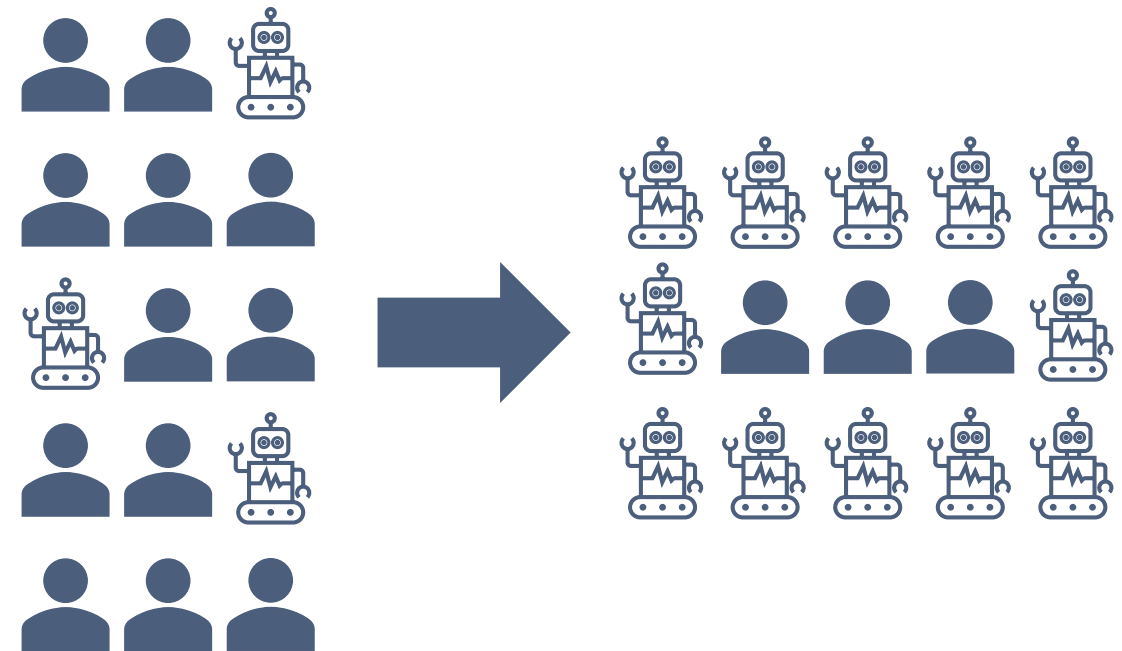
Section 1 – AI Use Cases

WHAT WE HEARD

Current State: Assistance-Focused Tools

Evidence Extraction and Documentation	Workflow and Process Integration	Chatbot Tools
Anomaly Detection and Risk Identification	Reviewer Support and Supervision	Real-time auditing
AI-enabled translation	Process design and walkthrough documentation	Detection of document authenticity and AI-generated content

Future State: Human orchestrated, AI agent teams



Matter for IAASB Consideration

SECTION 1 – HOW AI IS BEING USED TODAY AND WHAT IS ON THE HORIZON



1. Based on your own experiences and outreach, do Board members agree that the use cases and direction of travel described in **Section 1** appropriately reflect current and emerging uses of Gen AI in audit and assurance engagements?

Section 2 – Applying ISQM 1 and ISA 220 (Revised)

LAYERED FRAMEWORK

Engagement-level use in audit engagements

- **Examples:** using the tools for risk assessment, substantive procedures, documentation
- **Standard anchors:** ISA 220 (Revised) engagement-resources and direction/supervision/review requirements

Firm-developed / configured applications

- **Examples:** Firm chat assistants, documentation tools, anomaly-detection routines
- **Standard anchors:** ISQM 1, paras. 32(f), A100, A101, A104

Foundational Gen AI model

- **Example:** LLM provided via cloud platform
- **Standard anchors:** ISQM 1, para. 32(f), A100, A105–A108

Section 2 – Applying ISQM 1 and ISA 220 (Revised)

WHAT WE HEARD

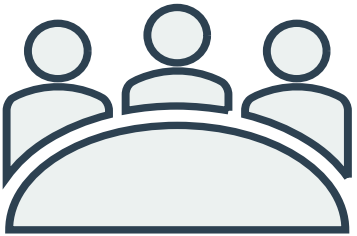
- **Firm-level tool certification processes** are “well established” for **deterministic tools**, but practical challenges encountered for certifying tools that are **opaque, non-deterministic, or adaptive**.*
- **Engagement-level quality management** challenges also encountered when using Gen AI tools in engagements.*



- * Good practices starting to emerge but are still relatively immature and uneven across the firms.

Matter for IAASB Consideration

SECTION 2 – APPLYING ISQM 1 AND ISA 220 (REVISED) TO EMERGING TECHNOLOGIES



Board members are asked to share their views about whether:

2. The layered lens described in paragraphs 36 – 40 is a helpful framework for conceptualizing how quality-management responsibilities apply across different Gen AI deployment models.
3. The challenges and emerging practices described in **Section 2** reflect what firms and practitioners are encountering in applying ISQM 1 and ISA 220 (Revised) to emerging technologies.
4. There are particular themes or issues highlighted in **Section 2** that should be considered further when discussing potential next steps in **Section 4**.

Section 3 – Stakeholder Expectations

WHAT WE HEARD

Clear governance & accountabilities

Clear, technically informed ownership of AI-tool approval, monitoring, and use

Ongoing oversight

Frequent and/or ongoing monitoring

Transparency

Varied perspectives on needed transparency dependent on the stakeholder

Explainability

Role-based understanding of how tools operate

Confidentiality

Consistent focus on strong confidentiality guardrails

Global consistency and proportionality

Heavy emphasis on avoiding regulatory fragmentation

Matter for IAASB Consideration

SECTION 3 – STAKEHOLDER AND REGULATORY EXPECTATIONS FOR AI-ENABLED TOOLS



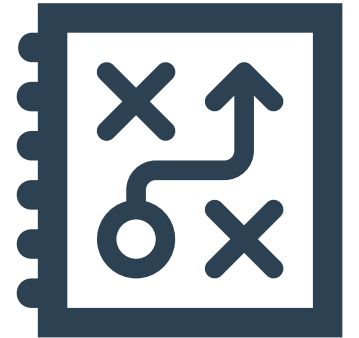
Board members are asked to share their views about whether:

5. Stakeholder expectations summarized in **Section 3** (governance, oversight, transparency, explainability, confidentiality, proportionality, etc.) are appropriately characterized.
6. There are additional stakeholder expectations or perspectives that should be taken into account when considering possible next steps in **Section 4**.

Section 4 – The IAASB's Role

WHAT WE HEARD

- We heard **broad and consistent support** that:
 - The IAASB has a **role to play**
 - The **principles** in ISQM 1 and ISA 220 (Revised) **are resilient to advances in technology**
 - **Practical application guidance** is needed now
- Failing to act risks **regulatory fragmentation, inconsistent practices, uneven playing field**
- **Non-authoritative materials** were currently viewed as the best path forward
- **Alternative mechanisms** to consider



Matter for IAASB Consideration

SECTION 4 – THE IAASB’S ROLE



7. Based on the insights gathered in **Sections 1 – 3**, does the Board believe that it is appropriate to pursue the development of NAM to support the consistent and effective application of the quality management standards to emerging technologies? If not, what other courses of action should be considered?
8. If, after considering the analysis in **Section 4**, the Board concludes that developing NAM would be an appropriate next step, does the Board support the development of a proposed action plan—consistent with paragraph 110—for discussion at the March 2026 IAASB meeting?